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COMPT 85-252

MEMORANDUM FOR: Deputy Chief, Legislation Division, OLL

FROM: Daniel A. Childs, Jr.
Comptroller


SUBJECT: Agency views on OPM Draft Bill "To Amend Title 5,
United States Code, to Reform the Civil Service
Retirement System, and for Other Purposes"

REFERENCE: Your Multiple Addressee Memorandum dated 6 March 1985,
Same Subject



STAT

I am not providing formal comments on the Administration's proposed changes to the Civil Service Retirement System since I am sure the Director of Personnel has been working on this problem and will provide detailed argumentation to support the Agency's position. We should take full advantage of this opportunity to make our case for exempting CIARDS and at the same time lay the groundwork for proposing an Agency system for those employees not eligible for CIARDS.


Daniel A. Childs, Jr

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86-0726

10 March 1986

MEMORANDUM FOR: C/RPD, OIS

FROM:

[Redacted]

STAT

C/Review Branch/P&RS/PA&E/OP

SUBJECT:

Proposed EB, Retirement Budget Proposals

This proposed EB is transmitted for publication. We are sending copies to OCA and OGC and asking those offices to call you upon completion of their reviews.

[Redacted]

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Return it

OLL 85-0683/1
6 March 1985

MEMORANDUM FOR: Deputy Director of Administration
Deputy Director for Intelligence
Deputy Director for Operations
Deputy Director for Science and Technology
Office of General Counsel
Director, Office of Personnel

FROM:

[Redacted]

STAT

Deputy Chief, Legislation Division, OLL

SUBJECT:

Agency views on OPM Draft Bill "To Amend Title 5, United States Code, to Reform the Civil Service Retirement System, and for Other Purposes"

1. Attached for your review and comment is proposed draft legislation by the Administration to reform the Civil Service Retirement System. Also included is a section-by-section analysis of the draft bill, a statement of purpose and justification, and draft letters to the President of the Senate and the Speaker of the House.

2. Your attention is invited to section 6 of the bill applying specifically to the Central Intelligence Agency Retirement and Disability System (CIARDS). The amendment, if enacted into law, provides for a scaled reduced annuity in the event that CIARDS covered personnel retire at a certain age. The net result of the amendment is to raise the retirement age to 60 years for CIARDS. The reduced annuity for early CIARDS retirees will eventually be 5 percent for each year or part of a year the retiree is under age 60, not exceeding ten years. But for those persons between the ages of 41 and 49 at the time the bill becomes law this reduction will be phased in through increases of 1/2 percent per year. Individuals who have attained the age of 50 by the date of the enactment of this bill will not be subject to the reduction.

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3. The Office of Management and Budget requests that we respond no later than March 11, 1985. Please expedite your written response so that we can meet that deadline. However, we are negotiating with OMB for an extension of time within which to respond.

[Redacted]

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United States
**Office of
Personnel Management**

Washington, D.C. 20415

MAR 1 - 1985

In Reply, Refer To

Your Reference

Honorable David A. Stockman
Director
Office of Management and Budget
Washington, D.C. 20503

Attention: Assistant Director for
Legislative Reference

Dear Mr. Stockman:

The Office of Personnel Management has prepared the enclosed legislative proposal, "To amend title 5, United States Code, to reform the Civil Service Retirement System, and for other purposes," together with appropriate accompanying documents.

The proposal will accomplish the changes proposed for the Civil Service Retirement System in the President's fiscal year 1986 budget. These changes will bring the Civil Service Retirement System more into line with non-Federal practices and reduce the high cost of the System, while preserving adequate retirement benefits for Federal employees. Major changes include: computing average salary by using the highest earnings over five years rather than three years; phasing in a benefit reduction of five percent for each year an employee is under age 65 at the time of retirement; phasing out the practice of counting unused sick leave as service for annuity computation purposes; changing the method of computing cost-of-living adjustments (COLA's); omitting the COLA for fiscal year 1986; changing eligibility rules for certain survivors to more closely parallel Social Security; eliminating survivor benefits for students over age 18; eliminating the minimum annuity for future beneficiaries; excluding newly-hired employees of the government of the District of Columbia from the Federal retirement, life insurance, and health benefits programs; phasing in increased contributions by the Postal Service and the D.C. government to cover the System's dynamic normal cost; and developing procedures for returning money to the Retirement Fund when checks remain uncashed.

Under 10 U.S.C. 1401a(b), changes in the COLA provisions of the Civil Service Retirement law would also automatically apply to military retired and retainer pay, which we understand is not intended with respect to all of the COLA changes in this proposal. Therefore, the proposal includes a provision that, with the exception of the elimination of the December 1985 COLA, the COLA changes in the proposal would not affect military retired and retainer pay COLA's.

Honorable David A. Stockman

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We estimate that these proposed changes in Civil Service Retirement will result in the following net savings for the unified budget:

Fiscal Year 1986	\$ 883 million
Fiscal Year 1987	1,803 million
Fiscal Year 1988	2,613 million
Fiscal Year 1989	3,627 million
Fiscal Year 1990	4,699 million
1986-90 total	<u>\$13,625 million</u>

We would appreciate receiving your advice as to whether the submission of this legislative proposal to Congress would be consistent with the Administration's program.

Sincerely,



Donald J. Devine
Director

Enclosures

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